

## Farewell to foreign arms?

The Italian chopper scandal has yet again raised questions on why India relies so much on imports. But public sector inefficiencies and very little encouragement to the private sector mean we're very far from going desi

**Josy Joseph**

When the clouds of corruption hovering over the Agusta-Westland helicopter deal (worth over Rs 3,500 crore for 12 helicopters) burst in February with the arrest of former Finmeccanica chief executive and chairman Giuseppe Orsi, all defence minister AK Antony could do was express helplessness in fighting corruption in defence deals.

Recovering from the initial embarrassment of the revelations, the government seems to have finally accepted that the long-term solution to rampant corruption is an urgent and immediate turn towards aggressive indigenisation in military manufacturing. And indications emerging from the Ministry of Defence are that such a new course of action is under preparation, and could soon be unveiled.

However, the transition from being a heavy importer of military wares to creating a robust military-industrial complex within is a stroll in an unmapped minefield.

### TAKE A CUE FROM CHINA

A recent study by the Stockholm International Peace Research Institute (Sipri) pointed out that India has in recent years become the world's largest recipient of arms, accounting for 10 per cent of global arms imports in the period 2007-11. In contrast, China, which was the largest recipient of arms between 2002 and 2006, fell to fourth place in 2007-11.

This is mainly because China has aggressively pursued indigenisation over the past couple of decades. As a result most of its current defence budget — officially estimated at \$119 billion for this year — will be spent on purchases from within the country. As such, a massive amount of money flows into its domestic military-industrial complex which has a multiplier effect — on R&D, employment generation, and battlefield surprises for adversaries.

The fact is that India's present efforts, and systems, are not up to the task of creating a robust military-industrial complex. The vested interests of the defence public sector units (DPSUs), ordnance factory board (OFB) and the Defence Research and Development Organisation (DRDO) actually symbolise what is stopping India from creating such a thriving complex, even though the country has one of the world's most dynamic manufacturing sectors. By keeping private sector on the margins of defence procurement, India has allowed itself to be caught in a vortex of imports and public sector inefficiencies.

Yet many Indian private sector players have exhibited their manufacturing capabilities, innovative leadership and growth ambitions across various segments. Several Tata group companies, L&T, the Mahindra group, Reliance and others continue to remain optimistic of a breakthrough. Whenever called in to meet a challenge these companies have shown they are capable of it. Larsen & Toubro built the hull

for India's indigenous nuclear submarine and is now ready to build conventional submarines.

However, the navy and the MoD do not seem to be very enthusiastic. Tata Power SED (Strategic Electronics Division) recently exhibited a 155mm/52 calibre truck mounted howitzer, developed in partnership with Denel of South Africa. The company says it is presently 50 per cent indigenous. However, the Army doesn't seem to be very excited, arguing that Denel is blacklisted in India.

The story doesn't end there. Reliance Industries Limited has committed its intent to invest about \$500 million to \$1 billion (approx Rs 2,750 crore to Rs 5,500 crore) in developing an aerospace centre. Reliance claimed it would hire about 1,500 people for the division. The number of such private firms with big ambitions is not limited to these few. Mahindra, Punj Lloyd, other Tata firms, and several others too have made their intent rather clear.

## THE CHALLENGES

But standing in the way of a turn towards aggressive indigenization are two specific challenges — DRDO's monopoly (in conjunction with public sector companies) and the powerful influence of arms agents.

"It is easy to talk about indigenisation. But in practice it is going to be extremely difficult. From Antony shedding his own Nehruvian obsessions with public sector to forcing armed forces to appreciating the need for indigenisation, it is a complicated scenario," says the CEO of a leading Indian private sector player.

The biggest challenge would actually come from the DPSUs, ordnance factories and the DRDO. They together account for around 30 per cent of the annual defence procurement, and almost 100 per cent of military research. Beyond the numbers and tall claims, these groups are today clearly bloated, inefficient monopolies. Worse,

they are all directly or indirectly promoting India's heavy dependence on foreign suppliers, and this remains the worst-kept secret of Indian defence procurement.

DRDO's lofty claims do not mean much today to the Indian military, which also has to meet the challenge of insurgencies. Most of the major weapon platforms that the research agency — on its own or with other government partners — set out to make are still far from being inducted by the forces.

DRDO is no longer a robust research agency capable of catering to the growing demands of 21st century warfare. The Rama Rao Committee's recommendations for reforming DRDO were a telling story of just what's wrong. The committee said the DRDO brand was "wilting". It pointed out that just 3 per cent of DRDO scientists had PhDs. The committee had also identified the lack of interaction with end users (the military) at all levels of project execution as among the problems. And yet, the committee's recommendations for overhauling DRDO are woefully inadequate, admits a senior MoD official.

DPSUs and ordnance factories (OFB) have also become liabilities. While the long-pending recommendation for corporatising ordnance factories (in which these government departments are turned into PSUs) has been in cold storage because of employee resistance, OFB has failed to evolve into a modern factory network. Consider the INSAS (Indian Small Arms System) rifle, meant to be the primary personal weapon of the Indian soldier; it has now been dumped by the Army. Nothing better captures the OFB problem. Today, the Indian Army and other arms of the military are scouting the global market looking to place huge orders for personal rifles.

And then there are the powerful arms dealers, who have been partnering with foreign firms to sell wares to Indian armed forces. "Middlemen are thriving because foreign companies do not

have the wherewithal to navigate the Indian military-bureaucratic and political systems. We are extremely corrupt, inefficient and biased,” says a senior military officer, who got himself out of an important posting in procurements after he came face to face with the ugly underbelly of Indian defence procurement.

Battlefield uncertainties have exponentially gone up in recent decades. Everything from unmanned combat vehicles to stealth technology is redefining the way we fight. The challenge, then, is to find a new architecture to create a robust military research and development culture; and an industrial complex in India. The private sector cannot be kept out of such an effort.

#### NO BANG FOR THE BUCK

**MBT ARJUN** | The main battle tank is still to be accepted fully by the Army even after almost four decades of development. It was originally aimed to replace the Russian T-54 and T-72 tanks which made up the bulk of India’s armored firepower. Dogged by delays and performance issues due to its excessive weight,

the Arjun has almost become a symbol of the tanking hopes on indigenisation.

**LIGHT COMBAT AIRCRAFT** | A project kickstarted in earnest in 1984 with the establishment of the Aeronautical Development Agency, the fighter is far from full-scale induction into the Air Force. Many are beginning to call for a renewed focus on LCA so that India can have a truly home-grown fighter. For now, its engines come from the US since the indigenous Kaveri engine isn’t ready.

**ARTILLERY GUNS** | India is yet to make its own modern artillery guns, though it had technology transfer from Bofors since late 1980s. In fact ever since the Bofors scandal broke, India has not bought a new artillery gun.

**MISSILES** | DRDO’s greatest success has been in developing ballistic missiles. However, there are many questions over the organisation’s exaggerated claims. DRDO has had to collaborate with Israelis for developing surface to air missiles, and continues to be dependent on Russia for the Brahmos cruise missiles.

Learn about Foreignness and the Other in Shmoop's free *A Farewell to Arms* study guide. We'll have you laughing and learning at the same time! *A Farewell to Arms* often neutralizes difference springing from differing political and geographic identities. At times, when one group of men is firing on another group of men, such differences surge to the forefront. The novel features an American man and an English woman who meet in Italy during World War I. They both work tending the wounded during World War I. And when there's pain involved, we are all from the same country. *A Farewell to Arms* is a novel by American writer Ernest Hemingway, set during the Italian campaign of World War I. First published in 1929, it is a first-person account of an American, Frederic Henry, serving as a lieutenant ("tenente") in the ambulance corps of the Italian Army. The title is taken from a poem by the 16th-century English dramatist George Peele. *A Farewell to Arms* takes place in Italy during World War I, and the lives of all the characters are marked by the war. Most of the characters, from Henry and Catherine down to the soldiers and shop owners whom Henry meets, are humanists who echo Hemingway's view that war is a senseless waste of life. The few characters that support the war are presented as zealots to be either feared, as in the case of the military police, or pitied, such as the young Italian patriot Gino. *A farewell to arms.* by Ernest Hemingway. Flyleaf: The greatest American novel to emerge from World War I, *A Farewell to Arms* cemented Ernest Hemingway's reputation as one of the most important novelists of the twentieth century. ISBN 0-684-83788-9. *A farewell to arms.* Book one. 1. In the late summer of that year we lived in a house in a village that looked across the river and the plain to the mountains. In the bed of the river there were pebbles and boulders, dry and white in the sun, and the water was clear and swiftly moving and blue in the channels. Troops went by the house and down the road and the dust they raised powdered the leaves of the trees. *Farewell to foreign arms?* This story is from August 1, 2010. *Farewell to foreign arms?* Josy Joseph | TNN | Aug 1, 2010, 00:22 IST. The modern nation state has certain core components, including killing machines such as fighter jets, battle tanks and nuclear-powered submarines. Fifty years ago, US President Dwight Eisenhower's farewell speech to the nation warned against "the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex". In the 1960s, Bob Dylan sang about the "Masters of War", who "build the death planes (and) hide behind desks".